Asset Management from the Ground Up:
The Importance of Upper Management Support
About Chelan PUD

Location: North Central Washington State
Ownership: Citizens of Chelan County
Generation: 4 Plants, 31 Units, ~2,000 MW
Employees: 650-750 employees
Businesses: Generation, Fiber, Distribution, Water, Transmission, & Wastewater
Today’s Discussion

• Organizational Culture

• Chelan PUD’s Story
  – Our Culture & Lessons Learned
  – Our Approach to AM Leadership
Know your Culture!

Definition of Culture:
1) “The set of assumptions, often unstated, that members of an organization share.”

2) “The degree to which a set of people share many beliefs, values and assumptions that encourage them to make mutually reinforcing interpretation of their own acts and the acts of others.”

If you Pick the WRONG Governance & Organizational Structure, your CULTURE will TAKE YOU DOWN!

References from https://www.pmi.org/learning/library/organizational-culture-project-leader-effectiveness-2141
Types of Cultures.... Who Are YOU?!

**Clan? (e.g. Intel)**
- Flexible Decision Making
- Internally-oriented
- Cooperative
- Collective Responsibility
- Consensus Decision-Making

**Market Culture? (e.g. P&G)**
- Fact-based Decision Making
- Externally-oriented
- Highly structured analytical processes
- Work Hard / Play Hard
- Market-driven Decision Making

**Hierarchical / Bureaucratic? (e.g. Meridian Telephone)**
- Laborious, Rational Decision Making
- Internally-oriented, Admin Systems
- Conforming, Chain of Command
- Formal Meetings, Informal Maneuvering w. Coalitions
- “Travel the Levels” Decision-Making

**Adhocracy? (e.g. 3M)**
- Flexible & Feeling-oriented Decision Making
- Externally & Future Focus
- Innovative, Entrepreneurial, Cooperative
- Teamwork, Interpersonal Communicators
- Collaborative Decision-Making

1. Reference:
Don’t be Foiled!

Utilities typically have *Hierarchy Cultures* BUT....

Maybe Chelan PUD is more complex than that....?????

If we are total *Hierarchy*, we lead from the top.... But what about the *Hearts and Minds*? What about *Change Management*?

**In Other Words:**
Are we missing anything by assuming we are just hierarchical that could cause us to fail?? Also, if we are primarily hierarchical, what is required??
Chelan is Creative & Future-minded so....
• We **TRIED** RCM - Lead by One Plant in 2011 (how very innovative of us!)
• Unfortunately We **FAILED**. WHY???
  - Complex with no strategic alignment or priority
  - Insufficient resources
  - Lead by One Plant
  - Shared Tools
  - No sustainability
  - No buy-in from the top

And so it began.....
Lessons Learned:

- We require support from the **top**! *(hierarchical!)*
- We want to innovate *(adhocracy)*
- Plant people want to lead change and CREATE *(adhocracy)*
- Everyone expects to be the Captain of their Ship.... **Creative** Captains! *(hierarchical & adhocracy)*
- We have shared tools that requires collaboration *(adhocracy)*
Who is Chelan? We are:
• Innovative
• Future-minded
• Creative
• Structured
• Plant-Proud (Captains of our own Ships)
• Hierarchical (Ships are part of a Fleet)

So we MUST:
• Start Asset Mgmt at the TOP
• Establish Decision Making that comes AND goes both to and from the TOP
• Create Governance that collaboratively gives Power throughout
• Decentralize Asset Mgmt with Matrixed Teams
• Be Collaborative & Creative

Maybe we are a Hierarchy with Adhocracy Tendencies!
What Does that Look Like?
So.....

WHO ARE YOU??????

And How will you Garnish Support that is SUCCESSFUL?
Questions / Thoughts??

Thank You

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